

APPENDIX C (continued)

SWBT, Pacific, Nevada Bell and SNET provided the following Advanced Services in the former SBC states:

- ADSL services – not provided in Connecticut
- Frame Relay services
- Cell Relay services
- Virtual Point of Presence – Digital Access Switching (“VPOP-DAS”) – not provided in Connecticut and Nevada

In the Former Ameritech States, the only Advanced Service provided by the ILECs during the Evaluation Period was frame relay service.

As Originally Presented in Appendix A

48) Obtained a report which summarized the performance measurement data identified in **Procedure 47** above by ILEC, CLECs aggregated without the Advanced Services Affiliates and Advanced Services Affiliate for the fourth quarter of 1999, and performed the following procedures:

- Compared ILECs’ service intervals to service intervals provided to CLECs and documented which results did not demonstrate parity or benchmark performance as defined by the business rules in Attachments A through A-3 of the Merger Conditions. For the measurements that did not meet parity or benchmark performance, documented SBC’s explanation for the cause of the variation. Also, obtained documentation from SBC indicating what actions have been taken to provide parity or benchmark performance in the future.
- Compared service intervals provided to the Advanced Services Affiliates to the service intervals provided to the CLECs and documented in which performance measures the affiliates’ treatment varied from that received by the CLECs in excess of plus or minus 5 percent. For those items with results that showed greater than 10 percent variation, inquired and documented SBC’s explanation for the cause of the variation. Also, obtained documentation from SBC indicating what actions have been taken to provide comparable performance in the future.

APPENDIX C (continued)

Supplemental Information

ILEC vs. CLEC Comparison – The table included as Attachment 1 reflects the performance measure data and explanations provided for Ameritech, SWBT, Pacific and Nevada Bell for results that did not demonstrate parity or benchmark performance during the Evaluation Period. Performance measure data for SNET was not captured and maintained for SNET during the Evaluation Period.

Advanced Services Affiliate vs. CLEC Comparison – The table below reflects the performance measure data and explanations provided for results that demonstrated that the affiliate's treatment varied from that received by the CLECs. Performance measure data for ASI was not provided as ASI did not have customers during the Evaluation Period.

All measures with fewer than 10 CLEC observations during the month were not considered for review (Low Volume Results) by SBC. The users established the following review policy: 1) if comparisons resulted in a variance of less than 5% (positive and negative), the measurement was considered within the acceptable range; 2) only variances (positive or negative) greater than 5% were included in the report; and 3) only negative variances greater than 10% for all three months were considered for further explanation.

APPENDIX C (continued)

APPENDIX C (continued)

APPENDIX C (continued)

APPENDIX C (continued)

APPENDIX C (continued)

As Originally Presented in Appendix A

- 49) Inquired and documented how the ILECs provide individual CLECs with performance measures per Sec. 272(e)(1) for the ILECs and the Advanced Services Affiliates. Obtained the performance measures report that the ILECs used for exchange access service intervals and obtained documentation from SBC regarding internal controls on the systems and methodology used to calculate these measures at each of SBC's ILECs.

Obtained the raw data from the intermediate systems and recalculated Performance Measurement Two, "Time from Bell Operating Company Promised Due Date to Circuit Being Placed in Service for DS3 and Above Circuits," for December 1999 for Texas, Illinois and Connecticut and compared the outcome to the ILEC's results.

The following differences were noted when recalculated results were compared to the ILEC's results:

- Texas – The population used for the recalculation of the nonaffiliate disaggregation for Performance Measurement Two contained 14 additional orders (total population for recalculation was 246) for DS3 and above circuits than the population used by the Company in its calculation due to an error in SBC's query used to calculate Performance Measurement Two. Additionally, we noted Southwestern Bell Telephone Company's methodology for

APPENDIX C (continued)

excluding orders missed due to customer reasons from both the numerator and denominator of the calculation differed from the methodology used by Ameritech and SNET.

Upon correction of the query and the change in the treatment of orders missed due to customer reasons, the results of our recalculation matched those of the Company for both affiliate and nonaffiliate orders. SBC corrected the above errors in the calculation of the Texas results and restated the December 1999 results and implemented these changes.

- Connecticut – The Company's calculation of the affiliate disaggregation for Performance Measurement Two reported that five of six orders were completed on time or missed due to customer reasons. Our recalculation indicated nine of nine orders were completed on time or missed due to customer reasons. In addition, the Company's calculation of the nonaffiliate disaggregation for Performance Measurement Two reported that seven of eight orders were completed on time or missed due to customer reasons. Our recalculation indicated that 16 of 18 orders were completed on time or missed due to customer reasons.

The differences in the Connecticut calculation were due to an error in the Company's reference table used by the query for product classification and an error in the ACNA table used by the query to classify affiliate and nonaffiliate. SBC corrected the above errors in the calculations of the Connecticut results and restated the December 1999 results and implemented these changes.

Supplemental Information

The Section 272(e)(1) performance measures are calculated and validated by the ILEC for SBC and its affiliates and nonaffiliates. CLECs, Advanced Services Affiliates and the FCC must contact the ILEC to request performance measurement results for SBC and its affiliates. The results for SBC and its affiliates are not distributed on a scheduled basis.

As Originally Presented in Appendix A

- 51) Obtained a list of all agreements (e.g., written agreements, affiliate agreements, etc., excluding interconnection agreements) signed as of December 31, 1999 between the ILECs and the Advanced Services Affiliates and between the ILECs and unaffiliated companies, separately for each state. E&Y compared rates, terms, and conditions for ten unaffiliated billing and collection agreements to the agreement offered to one Advanced Services Affiliate (ASI) and documented differences.

APPENDIX C (continued)

Supplemental Information

Five SWBT, three Pacific and two Nevada Bell unaffiliated company billing and collections (“B&C”) contracts were selected for comparison to the ASI B&C contract. Noted that the following language was included in the unaffiliated company agreements, but omitted from the ASI agreements:

Certification Requirements – Certification relates to the provision of long distance service and is not applicable to ASI as they are not a long distance service provider.

Publicity – A clause prohibiting the use of advertising, sales promotions, press releases or matters wherein the other party’s name is mentioned was deleted from the ASI B&C agreement as ASI is an affiliate of the ILECs and joint marketing is permitted by the Merger Conditions.

We noted no price differences between ASI and the unaffiliated companies for five of the B&C agreements selected for testing. Two of the Pacific B&C agreements selected contained the following price differences:

Billing and Collections Service	Standard 3 year price – ASI	Standard 3 year price – Unaffiliated Company	Volume discount 3 year price – ASI	Volume discount 3 year price – Unaffiliated Company
Message bill processing	.030	.030	.030	.030
-average over 20	.030	.000	.025	.015
-average over 30	.030	.000	.015	.010
Bill rendering-account ready				
-1 st page	1.200	1.200	.650	.800
-Each subsequent page	.300	.600	.200	.300
Development charge	150	120	150	120

Note: SBC indicated the above price differences were due to timing differences of when contracts were negotiated. Per SBC, the terms of the ASI-Pacific agreement would have been available to this unaffiliated company at their request.

APPENDIX C (continued)

One of the Pacific B&C agreements selected contained the following price differences:

Billing and Collections Service	Standard 3 year price – ASI	Standard 3 year price – Unaffiliated Company	Volume discount 3 year price – ASI	Volume discount 3 year price – Unaffiliated Company
Bill rendering-account ready				
-1 st page	1.200	1.200	.650	.800
-each subsequent page	.600	.600	.200	.300
Minimum annual purchase of service	\$160,000 for each of the 3 years	Waived for Year 1, \$100,000 for Year 2, \$160,000 for Year 3	N/A	N/A

Note: SBC indicated the above price differences were due to the unaffiliated company's preference to negotiate the above terms with SBC instead of entering into the standard B&C agreement in place at the time the contract was entered into.

Two of the Nevada Bell B&C contracts selected for testing contained the following price differences:

Billing and Collections Service	Standard 3 year price – ASI	Standard 3 year price – Unaffiliated Company	Volume discount 3 year price – ASI	Volume discount 3 year price – Unaffiliated Company
Bill rendering-account ready				
-1 st page	1.200	1.200	.650	.800
-Each subsequent page	.300	.600	.200	.300
Development charge	150	120	150	120

APPENDIX C (continued)

Billing and Collections Service	Standard 3 year price – ASI	Standard 3 year price – Unaffiliated Company	Volume discount 3 year price – ASI	Volume discount 3 year price – Unaffiliated Company
Start-up charge				
-Billing and collection start-up charge	\$150,000	(A)	N/A	N/A
Account ready B&C bill rendering service start-up charge	\$200,000	(A)	N/A	N/A
B&C bill rendering services minimum annual purchase of service requirement	\$160,000	\$12,000	N/A	N/A

(A) Cost determined on an individual cash basis, depending on the company's requested service area (i.e., Pacific and Nevada Bell at the same time vs. Nevada Bell only)

Note: SBC indicated the above price differences were due to SBC inadvertently including the Pacific pricing addendums in their agreement between ASI and Nevada Bell.

As Originally Presented in Appendix A

- 55) Inquired and documented that three ILECs offered billing and collection services to an Advanced Services Affiliate pursuant to written agreement that contained the elements described in the procedures by the users. Identified the billing and collection categories and elements offered and agreed these elements to those specified in the procedures by the users.

Supplemental Information

Elements offered through the SWBT, Pacific and Nevada Bell B&C agreements with ASI are Master File Maintenance, Account Data Maintenance, Message Data Transmission (CMDs), Bill Rendering, Payment and Remittance Processing, Treatment, Denial of Service, Collection, Inquiry Support Service, Bill Format, Message Investigation Center, and Billing Information.

APPENDIX C (continued)

As Originally Presented in Appendix A

- 56) For the three ILECs that offered billing and collection services to an Advanced Services Affiliate during the Evaluation Period, obtained the written agreements and documented the various billing and collection categories and elements offered, including rates and conditions.

Supplemental Information

The billing and collection services offered by ILEC are listed above in supplemental information, number 55. The written agreement for each ILEC, SWBT, Pacific and Nevada Bell, detailing the billing categories, elements and rates are posted on the Internet at:

<http://www.sbc.com/PublicAffairs/PublicPolicy/Regulatory/AdvSol-Telephone.html>

As Originally Presented in Appendix A

- 57) Inquired and documented the Advanced Services Affiliates' and each ILEC's procedures designed to ensure all purchases of Advanced Services Equipment, including associated software, were recorded on the books of the Advanced Services Affiliate for the portion of the 1999 Evaluation Period in excess of 30 days past the Merger Close Date.

Obtained a listing of all Advanced Services Equipment, including associated software, installed on or after the Merger Close Date at each of the ILECs ("ILEC Listing") and the Advanced Services Affiliates ("Advanced Services Affiliate Listing") and performed the following:

- Noted that SBC indicated \$3.7 million of Advanced Services Equipment, which should have been recorded on the books of an Advanced Services Affiliate (ASI), was recorded on the books of the ILECs during the Evaluation Period. Noted that this matter was identified and corrected by SBC prior to the performance of these agreed-upon procedures. SBC indicated that there was no other Advanced Services Equipment installed or recorded at the ILECs.
- Selected 100 random purchases from the Advanced Services Affiliate Listing on or after 30 days after the Merger Close Date and reviewed documentation that indicated the Advanced Services Affiliates purchased this equipment. Noted that supporting invoices for 31 of the 100 purchases indicated that an ILEC was billed by a vendor. The ILECs and Advanced Services Affiliate (ASI) indicated that this situation arose because the Advanced Services Affiliate used the ILECs' Custom Work Order-like process to render vendor payment and establish a property record; this was done because, per SBC management, the Advanced Services Affiliate was not able to develop an

APPENDIX C (continued)

accounting system sufficient for that purpose in 1999. The ILECs and Advanced Services Affiliate indicated that the purchase price was prepaid by the Advanced Services Affiliate to the ILECs and that the Advanced Services Affiliate was in fact the only entity which purchased, owned and had the assets recorded on its books at any period-end. This process was performed subject to the terms of a written affiliate agreement.

Obtained and documented the ILECs' and Advanced Services Affiliates' policy for capitalizing versus expensing Advanced Services Equipment costs.

Selected the month of December 1999 and obtained ILEC expense detail for expense accounts (list actual expense accounts). From the ILEC expense detail, selected a sample of 100 items and reviewed purchase orders noting that the items selected were not considered Advanced Services Equipment, as defined, and were appropriately recorded on the ILECs' books. Noted that one ILEC's books included items procured for an Advanced Services Affiliate under the Custom Work Order-like process described above; noted that expenses related to these items were appropriately reversed from the ILEC's books within the month in which they were procured.

Supplemental Information

AADS – During the period from 30 days after the Merger Close Date to December 31, 1999, AADS did not install any new equipment, including software at any of the five ILECs. AADS was established as a separate entity in 1993 and since that time all Advanced Services Equipment, (capitalized or expensed) were maintained on AADS' books versus the Ameritech. The standard detail transaction format ("SDFT") provides edits and values for fields of data to be posted to the respective ILEC or AADS general ledger. These edits prohibit posting on the ILEC's network services general ledger and PICS/DCPR database. The following controls are in place to ensure that the purchases of all Advanced Services Equipment are recorded on the books of AADS.

- AADS's geographical location code has five digits, the ILEC's geographical code has six digits. Each system will only accept it's corresponding number of digits for the geographical code.
- AADS's geographical location code has no state identifier and will accept no state identifier codes. The ILEC's system requires state identifier codes.
- ILEC jobs require an undertaking number in order to be accepted by the ILEC's system. AADS uses no undertaking numbers and the AADS system does not have this requirement.

APPENDIX C (continued)

ASI – In October 1999, instructions were forwarded to SBC's network field operations outlining how costs associated with the Broadband Infrastructure Project, later renamed Project Pronto would be tracked. These instructions included methods and procedures for tracking ASI owned assets purchased via the ILEC's Customer Work Order ("CWO")-like process on behalf of ASI, for the period beginning 30 days after the Merger Close Date.

Capitalization Policy – The Advanced Services affiliates' capitalization policies require that equipment with a useful life greater than one year and an original cost greater than \$2,000 to be capitalized. Personal computers are an exception to the capitalization policy, with an original cost capitalization threshold of \$1,000 and useful life threshold greater than one year to require capitalization.

As Originally Presented in Appendix A

- 65) Obtained a list of operations, installation and maintenance ("OI&M") services, by element, offered by certain ILECs to an Advanced Services Affiliate (ASI) in accordance with the transitional mechanisms of the Merger Conditions and to ADSI during the Evaluation Period. Noted these OI&M services were offered to the Advanced Services Affiliates by the ILECs under affiliate agreements.

Supplemental Information

No OI&M services were provided by the ILECs to AADS during the Evaluation Period.

SBC indicated that the following services were offered to ASI during the Evaluation Period. The affiliate agreements for all OI&M services are posted on www.sbc.com

OI&M Provided	SBWT	Pacific	Nevada	
			Bell	SNET
General Services – OI&M	Yes	Yes	Yes	Yes
DSL CPE Ordering, Provisioning & Maintenance	Yes	Yes	Yes	Yes
Network Architecture, Planning, Engineering, Design & Assignment	Yes	Yes	Yes	Yes
Network Monitoring & Surveillance	Yes	Yes	Yes	Yes
Installation and Maintenance for Wide Area Network Services	Yes	Yes	Yes	Yes
Temporary Project – Special Charges	Yes	Yes	Yes	Yes

All services shown above, except those provided by SNET, were offered to third parties.

APPENDIX C (continued)

As Originally Presented in Appendix A

- 66) Inquired and documented SBC's responses regarding whether the ILECs provided the following services to the Advanced Services Affiliates: 1) determining where, when and how much Advanced Services Equipment needs to be deployed to meet forecasted customer demands, and ensuring equipment compatibility with interconnection services; 2) arranging for purchase of Advanced Services Equipment; 3) arranging and negotiating for collocation space, and arranging for any new Advanced Services Equipment to be delivered; 4) inventorying the Advanced Services Equipment deployed; 5) designing the customer's Advanced Service, including a) identification of Advanced Services network components, unbundled network elements, telecommunications services and work activities necessary to provision the Advanced Service, b) determination of the routing of the Advanced Service and location(s) of the Advanced Services network components and c) creation of a work order; 6) assignment of the Advanced Services Equipment required; 7) creating and maintaining the customer's record, including the customer's Advanced Service circuit layout record; and 8) ordering from the ILEC the interconnection facilities and telecommunications services required to provision the customer's Advanced Service. For items 1 through 7 above, noted the ILECs provided the above services for ASI in the Former SBC States under the transitional mechanisms in the Merger Conditions. Item 8 above was not applicable in 1999 for ASI. All eight services were performed by AADS in the Former Ameritech States.

Supplemental Information

SBC's response to item 8 above for ASI is paraphrased as follows: ASI did not engage in any ordering activity under Paragraph 4(f) of the Merger Conditions during the Evaluation Period, nor did the ILECs engage in any Paragraph 4(f) ordering activity on ASI's behalf during the Evaluation Period. The earliest ASI took over the provisioning of Advanced Services was January 3, 2000 in the state of Arkansas for jurisdictionally interstate services. ASI was planning its network during the Evaluation Period but did not order interconnection facilities (i.e., UNEs) or telecommunications services (e.g., DS1 special access service) under Paragraph 4(f) prior to the dates it took over provisioning of Advanced Services in the various states.

As Originally Presented in Appendix A

- 67) Obtained copies of state certifications (where required), tariffs and interconnection agreements and their associated approvals to offer Advanced Services through the separate Advanced Services Affiliates. Also, obtained filings of tariff changes to terminate offering of Advanced Services by the ILECs. Additionally with this data, performed the following procedures:
- Documented the date that the Advanced Services Affiliates filed all required state certifications and interconnection agreements and noted the date was

APPENDIX C (continued)

prior to the Merger Close Date in the states where SBC was providing Advanced Services on the Merger Close Date as required by the Separate Affiliate Requirements.

- Documented the date that the Advanced Services Affiliates filed required tariffs to provide non-xDSL Advanced Services in the Former Ameritech States and noted the tariffs were filed no later than five business days after the Merger Close Date.
- Documented that filing of tariffs to provide Advanced Services in the Former SBC States to customers that are providers of Internet services was not required during the Evaluation Period.
- Documented the date that the Advanced Services Affiliates filed tariffs to provide Advanced Services in the Former SBC States to customers that are not providers of Internet services and noted that for those states where certification to provide Advanced Services was received during the Evaluation Period, the tariffs were filed no later than three business days after state approval of Advanced Services Affiliates' certifications to provide Advanced Services in that state.
- Obtained a list of all Advanced Services provided by the ILECs prior to the Merger Close Date, compared this list to the Advanced Services listed in the tariffs filed by the Advanced Services Affiliates, and noted that all services offered by the ILECs prior to the Merger Close Date were included in the tariffs.
- Documented the date each interconnection agreement between the ILECs and the Advanced Services Affiliates was approved in each state. Noted that interconnection agreements were not approved as of the end of the Evaluation Period in the states of California, Kansas, Nevada, and Texas. For those states in which approval of the interconnection agreement between the ILEC and the Advanced Services Affiliate occurred during the Evaluation Period, obtained documentation that SBC filed interstate tariff changes to terminate the offering of new activations of Advanced Services by the ILECs within three business days of interconnection agreement approval. As disclosed in the Company's annual compliance report dated March 15, 2000, the tariff change to terminate the offering of new activations of Advanced Services by the ILEC in Connecticut was not filed within three business days of December 28, 1999, the date the interconnection agreement was deemed approved as the Company was awaiting receipt of a Certificate of Public Convenience and Necessity from the Connecticut Department of Public Utility Control. This situation is

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explained in a letter dated February 7, 2000 from Charles Foster to David Solomon and Lawrence Strickling of the FCC.

- All necessary filings to terminate the offering of new activations of Advanced Services by the ILEC were filed prior to the Merger Close Date in the Ameritech States. However, no filings—to terminate the offering of new activations of Advanced Services by the ILECs were filed in the SBC States as all necessary certifications, authorizations, and/or approvals had not been obtained prior to the end of the Evaluation Period.

Supplemental Information

In the Ameritech states, the only Advanced Service provided by the ILECs prior to the Merger Close Date and during the Evaluation Period was Frame Relay. Based on the review of the tariffs, Frame Relay is included in all required tariffs. Based on the review of the ILEC tariffs grandfathering Frame Relay service, Frame Relay is included in all such ILEC tariffs.

In the SBC states, the following table indicates Advanced Services provided by the ILEC, by state, during the Evaluation Period.

SBC State	DSL	Frame Relay	Cell Relay	VPOP-DAS
Texas	yes	yes	yes	yes
Arkansas	yes	yes	yes	yes
Missouri	yes	yes	yes	yes
Oklahoma	yes	yes	yes	yes
Kansas	yes	yes	yes	yes
California	yes	yes	yes	yes
Nevada	yes	yes	yes	no
Connecticut	no	yes	yes	no

The table below lists the filings reviewed.

Applicant	State	Filing	Filing Date	Approval/ Effective Date
ASI	Arkansas	Certificate of Public Convenience & Necessity	Sept. 30, 1999	Pending as of Dec. 31, 1999
ASI	Arkansas	Interconnection Agreement	Sept. 30, 1999	Dec. 3, 1999
ASI	Arkansas	General Tariff	Sept. 30, 1999	Pending as of Dec. 31, 1999
ASI	Arkansas	Access Tariff	Sept. 30, 1999	Pending as of Dec. 31, 1999
SWBT	Arkansas	ILEC Interstate Tariff Withdrawal	Nov. 9, 1999, amended Dec. 8, 1999	N/A

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Applicant	State	Filing	Filing Date	Approval/ Effective Date
ASI	California	Certificate of Public Convenience & Necessity	Sept. 28, 1999	Pending as of Dec. 31, 1999
ASI	California	Interconnection Agreement	Sept. 28, 1999	Pending as of Dec. 31, 1999
ASI	Connecticut	Certificate of Public Convenience & Necessity	Sept. 29, 1999	Pending as of Dec. 31, 1999
ASI	Connecticut	Interconnection Agreement	Sept. 29, 1999	Dec. 28, 1999
Ameritech	FCC	Interstate Access Tariff grandfathering Frame Relay, limiting tariff to circuits in place as of Oct. 27, 1999	Oct. 12, 1999	Oct. 27, 1999
AADS	Illinois	Tariff	Sept. 12, 1999	Effective Sept. 13, 1999
AADS	Illinois	Interconnection Agreement	Oct. 5, 1999	Dec. 15, 1999
Ameritech Illinois	Illinois	Retail Tariff grandfathering Frame Relay	Oct. 12, 1999	Oct. 28, 1999
Ameritech Illinois	Illinois	Wholesale Tariff grandfathering Frame Relay	Oct. 12, 1999	Nov. 27, 1999
Ameritech Illinois	Illinois	Intrastate Access Tariff discontinuing Frame Relay offering as of July 4, 2000	Oct. 12, 1999	Nov. 27, 1999
AADS	Indiana	Tariff	August 31, 1999	Effective Sept. 1, 1999
AADS	Indiana	Interconnection Agreement	June 28, 1999	Sept. 15, 1999
Ameritech Indiana	Indiana	Retail Tariff grandfathering Frame Relay	Oct. 12, 1999	Oct. 27, 1999
Ameritech Indiana	Indiana	Wholesale Tariff grandfathering Frame Relay	Oct. 12, 1999	Nov. 26, 1999
Ameritech Indiana	Indiana	Intrastate Access Tariff discontinuing Frame Relay offering as of July 4, 2000	Oct. 12, 1999	Nov. 17, 1999
ASI	Kansas	Certificate of Convenience & Authority to Transact	Oct. 5, 1999	Pending as of Dec. 31, 1999
ASI	Kansas	Interconnection Agreement	Oct. 5, 1999	Pending as of Dec. 31, 1999
ASI	Kansas	General Tariff	Oct. 5, 1999	Pending as of Dec. 31, 1999
ASI	Kansas	Access Tariff	Oct. 5, 1999	Pending as of Dec. 31, 1999
AADS	Michigan	Interconnection Agreement	Sept. 29, 1999	Dec. 16, 1999
Ameritech Michigan	Michigan	Retail Tariff grandfathering Frame Relay	Oct. 12, 1999	Oct. 27, 1999
Ameritech Michigan	Michigan	Wholesale Tariff grandfathering Frame Relay	Oct. 12, 1999	Nov. 26, 1999
Ameritech Michigan	Michigan	Intrastate Access Tariff discontinuing Frame Relay offering as of July 4, 2000	Oct. 12, 1999	Oct. 27, 1999
ASI	Missouri	Certificate of Service Authority	Sept. 30, 1999	Nov. 18, 1999
ASI	Missouri	Interconnection Agreement	Sept. 30, 1999	Dec. 13, 1999
ASI	Missouri	General Tariff	Nov. 15, 1999	Pending as of Dec. 31, 1999

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Applicant	State	Filing	Filing Date	Approval/ Effective Date
ASI	Missouri	Access Tariff	Nov. 15, 1999	Pending as of Dec. 31, 1999
SWBT	Missouri	ILEC Interstate Tariff Withdrawal	Dec. 16, 1999	N A
ASI	Nevada	Interconnection Agreement	Sept. 7, 1999	Pending as of Dec. 31, 1999
ASI	Nevada	Certificate of Public Convenience & Necessity	Sept. 10, 1999	Pending as of Dec. 31, 1999
AADS	Ohio	Tariff	Sept. 1, 1999	Effective Sept. 1, 1999
AADS	Ohio	Interconnection Agreement	Aug. 17, 1999	Nov. 15, 1999
Ameritech Ohio	Ohio	Intrastate Access Tariff discontinuing Frame Relay offering as of July 4, 2000	Oct. 12, 1999	Oct. 27, 1999
ASI	Oklahoma	Certificate of Public Convenience & Necessity	Sept. 30, 1999	Pending as of Dec. 31, 1999
ASI	Oklahoma	Interconnection Agreement	Sept. 30, 1999	Dec. 28, 1999
ASI	Texas	Certificate of Operating Authority	Oct. 5, 1999	Dec. 1, 1999
ASI	Texas	Tariff	Oct. 5, 1999	Pending as of Dec. 31, 1999
ASI	Texas	Interconnection Agreement	Oct. 5, 1999	Pending as of Dec. 31, 1999
AADS	Wisconsin	Interconnection Agreement	Oct. 5, 1999	Nov. 18, 1999
Ameritech Wisconsin	Wisconsin	Intrastate Access Tariff discontinuing Frame Relay offering as of July 4, 2000	Oct. 12, 1999	Nov. 26, 1999
Ameritech Wisconsin	Wisconsin	Retail Tariff grandfathering Frame Relay	Oct. 12, 1999	Nov. 26, 1999
Ameritech Wisconsin	Wisconsin	Wholesale Tariff grandfathering Frame Relay	Oct. 12, 1999	Nov. 26, 1999

As Originally Presented in Appendix A

- 68) Documented the date each Advanced Services Affiliate received approval of its state certifications, interconnection agreements and tariffs.

For the SBC States, we noted that there were no new customer activations during the Evaluation Period.

For the Ameritech States, obtained from the Advanced Services Affiliate a customer list of all new activations of non-xDSL Advanced Services by state during the Evaluation Period. This list included the date that service began for each customer.

For the Ameritech States, obtained from the Advanced Services Affiliate a customer list of all new activations of xDSL Advanced Services by state during the Evaluation Period. This list included the date that service began for each customer.

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Supplemental Information

The approval dates for all state certifications, interconnection agreements and tariffs are listed in the supplemental information shown in **Procedure 67** above.

Noted that AADS had new service activations of ADSL during the Evaluation Period.

As Originally Presented in Appendix A

- 75) Obtained the methodology used to calculate annual bonuses for officers and management employees of the Advanced Services Affiliates during the Evaluation Period. Determined that the methodology used was tied to the performance of the Advanced Services Affiliates. Obtained the actual calculations used to determine the annual bonuses paid for the year ended December 31, 1999 to all officers and senior managers and a random sample of 30 middle- and lower-level managers. Noted that the actual bonuses paid were consistent with the methodology provided.

Supplemental Information

The ASI annual bonus program includes both a team and individual component. The team awards are calculated as the greater of a percentage of base salary, or a minimum annualized award. Individual discretionary adjustments can equal up to the amount of the team award and are paid at the discretion of supervisors. The employee must also meet eligibility criteria. In 1999, ASI's individual discretionary adjustments were based on the contribution of the individual to meeting ASI's objectives during the year. ASI's primary objectives during the year were meeting merger implementation and Merger Condition milestones and other requirements.

Of the ASI employees as of December 31, 1999, were not eligible for the bonus program. The bonus calculations for other employees (officers/senior managers and middle/lower managers) were tested. All were calculated consistent with the bonus methodology.

The AADS annual bonus program also includes both a team and individual component and was offered to officers and management employees. The team component is weighted at 40% and the individual component is weighted at 60%. The two components are combined and applied to target percentages established by pay grade and department. In 1999, the AADS team award target was determined based on two criteria, revenue objectives and return on asset objectives of Ameritech Corporation as a whole.

The individual component of AADS' bonus program was based on the revenue and return on assets objectives of Ameritech's Custom Business Services ("CBS") business unit. AADS was included in the CBS business unit during 1999. Although

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the CBS business unit did not meet its financial targets during 1999 as a result of an acquisition occurring during the period, AADS' individual award payout was adjusted to 100% to reflect its significant positive performance activity occurring after the 1999 payout determination which was evidenced by results early in the first quarter of 2000.

All calculations tested were consistent with the previously stated bonus methodology.

PM Number	Performance Measurement Name	Explanation Reference	ILLINOIS			INDIANA			MICHIGAN			OHIO			WISCONSIN		
			Oct-99	Nov-99	Dec-99	Oct-99	Nov-99	Dec-99	Oct-99	Nov-99	Dec-99	Oct-99	Nov-99	Dec-99	Oct-99	Nov-99	Dec-99
1	% FOC's Returned within "X" hrs - Man Sub - Res & Bus - < 24 hrs	1	-	-	-	-	-	-	ND	ND	Out-of-Parity	-	-	-	-	-	-
1	% FOC's Returned within "X" hrs - Man Sub - Complex Bus (1 - 200 Lines) - < 24 hrs	1	ND	ND	Out-of-Parity	ND	ND	Out-of-Parity	ND	ND	Out-of-Parity	-	-	-	-	-	-
1	% FOC's Returned within "X" hrs - Elec Sub - UNE Loop (1 - 49 Loops) - < 5 hrs	1	ND	ND	Out-of-Parity	-	-	-	ND	ND	Out-of-Parity	-	-	-	-	-	-
2	Avg Response Time For OSS Pre-Order Interfaces - Address Verification (seconds)	1	-	-	-	-	-	-	Out-of-Parity	Parity	Parity	-	-	-	-	-	-
11b	% Repeat Reports - Design - Resold Specials - DSL	1	Parity	Parity	Out-of-Parity	-	-	-	-	-	-	-	-	-	-	-	-
11c	% Repeat Reports - UNE - DSL Loops	1	Parity	Parity	Parity	-	-	-	-	Out-of-Parity	-	-	-	-	-	-	-
12c	Mean Time to Restore - UNE - DSL Loops (hours)	1	-	-	-	-	-	-	Parity	Parity	Parity	-	-	-	-	-	-
13b	Failure Frequency - Design - Resold Specials - DSL	1	Out-of-Parity	Out-of-Parity	ND	-	-	-	-	-	Out-of-Parity	-	-	-	-	-	-
13c	Trouble Report Rate - UNE - DSL Loops	1	Parity	Parity	Parity	-	-	-	Parity	Parity	Parity	-	-	-	-	-	-
13c	Trouble Report Rate - UNE - 8.0 dB Loop Without Test Access	1	-	-	-	-	-	-	Parity	Parity	Out-of-Parity	-	-	-	-	-	-
17	% Missed Collocation Due Dates - Physical	1	-	-	-	-	-	-	Parity	Parity	ND	-	-	-	-	-	-
17	% Missed Collocation Due Dates - Virtual	1	-	-	-	-	-	-	-	-	-	ND	LV	Out-of-Parity	-	-	-
18	Billing Timeliness (Wholesale Bill)	1	Parity	Parity	Out-of-Parity	Parity	Parity	Out-of-Parity	Parity	Parity	Out-of-Parity	-	-	-	-	-	-
2	Avg Response Time For OSS Pre-Order Interfaces - Address Verification (seconds)	1	Out-of-Parity	Parity	Parity	-	-	-	-	-	-	-	-	-	-	-	-
2	Avg Response Time For OSS Pre-Order Interfaces - Request For Telephone Number (seconds)	1	Parity	ND	Parity	-	-	-	-	-	Out-of-Parity	-	-	-	-	-	-
3	Order Process Percent Flow Through - UNE Loops	1	ND	ND	Parity	-	-	-	ND	ND	Out-of-Parity	ND	ND	Out-of-Parity	-	-	-
4a	% ATT Caused Missed Due Dates - POTS - Bus - FW	1	-	-	-	-	-	-	Out-of-Parity	Out-of-Parity	ND	-	-	-	-	-	-
4c	% ATT Caused Missed Due Dates - UNE - DSL Loops	1	-	-	-	-	-	-	Parity	Parity	Parity	-	-	-	-	-	-
4d	% Mechanized Completions Returned Within One Day Of Work Completion	1	Out-of-Parity	Out-of-Parity	Parity	Out-of-Parity	Out-of-Parity	Parity	Out-of-Parity	Out-of-Parity	Parity	-	-	-	Out-of-Parity	ND	ND
7c	Average Delay Days for ATT Caused Missed Due Dates - UNE - DSL Loops	1	ND	ND	Parity	-	-	-	ND	ND	Out-of-Parity	-	-	-	-	-	-
8	Average Installation Interval - DSL - Without Conditioning	1	ND	ND	Parity	-	-	-	-	-	-	-	-	-	-	-	-

Notes
ND - No data reported
LV = Low volumes reported, less than 10 observations
Parity Out-of-Parity Based on Z test
See Page 4 for Explanation References

PM Number	Performance Measurement Name	Explanation Reference	SWBT Systemwide														
			Oct-99	Nov-99	Dec-99												
02-11	Avg Resp for OSS Pre-Order - Req for CSR - VERIGATE (30+ Lines)	1	ND	ND	Out-of-Parity												
			Arkansas			Kansas			Missouri			Oklahoma			Texas		
			Oct-99	Nov-99	Dec-99	Oct-99	Nov-99	Dec-99	Oct-99	Nov-99	Dec-99	Oct-99	Nov-99	Dec-99	Oct-99	Nov-99	Dec-99
11c-08	* Repeat Reports - UNE - DSL	1	ND	ND	ND	ND	ND	ND	LV	LV	Out-of-Parity	ND	ND	ND	LV	Parity	Parity
12c-08	Mean Time to Restore - UNE - DSL - UNE - Dispatch	1	ND	ND	ND	ND	ND	ND	LV	LV	Out-of-Parity	ND	ND	ND	LV	Parity	Parity
13c-08	Trouble Report Rate - UNE - DSL	1	ND	ND	LV	ND	ND	ND	Parity	Parity	Parity	LV	LV	LV	Parity	Parity	Parity
3-02	Order Process % Flow Through - LEX	2	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity
4c-09	* SWBT Caused Missed Dates Due - UNE - DSL	4	ND	ND	LV	ND	ND	ND	Parity	Parity	Parity	ND	ND	ND	Parity	Parity	Parity
4d-01	* Mech Comp's Returned Within One Hour Of Completion in SORD - LEX	2	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity	Out-of-Parity
4d-02	* Mech Comp's Returned Within One Hour Of Completion in SORD - LDI	1	Parity	Parity	Parity	Parity	Parity	Parity	Parity	Parity	Parity	Parity	Parity	Parity	Parity	Parity	Parity
5c-08	* Trouble Reports Within 30 Days - UNE - DSL	1	ND	ND	LV	ND	ND	ND	Parity	Parity	Parity	ND	ND	ND	Parity	Parity	Parity
7c-09	Avg Delay Days for SWBT Caused Missed Due Dates - UNE - DSL	1	ND	ND	ND	ND	ND	ND	LV	LV	Parity	ND	ND	ND	Parity	Parity	Parity
8-02	Avg Installation Interval - DSL - Conditioning	1	ND	ND	ND	ND	ND	ND	ND	ND	LV	ND	ND	ND	Parity	Parity	Parity
9-01	Avg Response Time for Loop Make-Up Information	4	ND	ND	LV	ND	LV	Parity	Parity	Parity	Parity	ND	ND	ND	Parity	Parity	Parity

**SBC Communications Inc.
Performance Measurements**

Pacific & Nevada Bell

**APPENDIX C
Attachment 1**

ILEC vs. CLEC Comparisons Out of Parity for at Least One Month of Evaluation Period

PM Number	Performance Measurement Name	Explanation Reference	California			Nevada		
			Oct-99	Nov-99	Dec-99	Oct-99	Nov-99	Dec-99
10b	Percentage of Customer Trouble Not Resolved Within Estimated Time -- UNE - Statewide - UNE Loop 2 wire Digital xDSL capable dispatched	1	Parity	Parity	Out-of- Parity	ND	ND	ND
11c	Frequency of Repeat Troubles in 30 Day Period -- UNE - Statewide - UNE Loop 2 wire Digital xDSL capable	3	Out-of- Parity	Out-of- Parity	Out-of- Parity	ND	ND	ND
5c	Percentage Troubles in 30 Days for New Orders -- UNE - Bay - UNE Loop 2 wire Digital xDSL capable	1	ND	ND	Out-of- Parity	n/a	n/a	n/a
5c	Percentage Troubles in 30 Days for New Orders -- UNE - North - UNE Loop 2 wire Digital xDSL capable	1	Out-of- Parity	Parity	ND	n/a	n/a	n/a
5c	Percentage Troubles in 30 Days for New Orders -- UNE - South - UNE Loop 2 wire Digital xDSL capable	1	Out-of- Parity	Parity	ND	n/a	n/a	n/a
7c	Delay Order Interval to Completion Date (For Lack of Facilities) -- UNE - Statewide - UNE Loop 2 wire Digital xDSL capable 31-90 Days	1	Parity	Out-of- Parity	Parity	ND	ND	ND
8	Average Completed Interval -- DSL - LA - UNE Loop 2 wire Digital xDSL capable	1	Parity	Parity	Out-of- Parity	n/a	n/a	n/a
8	Average Completed Interval -- DSL - South - UNE Loop 2 wire Digital xDSL capable	1	Parity	Parity	Out-of- Parity	n/a	n/a	n/a

Notes:

ND = No data reported

LV = Low volumes reported, less than 10 observations

Parity/Out-of-Parity Based on Z test

See Page 4 for Explanation References

**SBC Communications Inc.
Performance Measurements**

ILEC vs. CLEC Comparisons Out of Parity for at Least One Month of Evaluation Period

**APPENDIX C
Attachment 1**

Explanation Reference	SBC Explanations
1	SBC did not provide explanations except for measurements with out-of-parity results in all three months of the Evaluation Period. Using the same framework as noted in the Merger Order for a systematic problem, SBC considered out-of-parity results in only one month or two months to be random, due to the huge disparity in volumes between the ILECs and CLEC aggregate. As the Merger Conditions note (at Attachment A, page 3, paragraph 9), voluntary payments would be made for failure to provide parity or benchmark performance for three consecutive months.
2	SWBT believes that this was due to a system start up problem with LEX, which was identified and subsequently corrected by SWBT as the system was developed and refined.
3	Pacific Bell believes this appears to be out of parity because the ILECs used mechanized loop testing, which more efficiently isolates trouble than the manual loop testing process used by CLECs. The manual loop testing process therefore results in more repeat trouble reports than the mechanized process.
4	No further information is available from SBC for the Evaluation Period. SBC represents that, although it attempted to gather additional explanatory information in good faith, it is unable to provide any further explanation for such variations nearly twelve months after the fact. Furthermore, the Merger Conditions anticipated that, during the transition period, measures could be out-of-parity or fail to reach a specified benchmark due to the random nature of the data or low volumes of data, which can cause substantial month-to-month variation. Because SBC was not obligated under Section VII of the Merger Conditions to remit voluntary payments during this time period (in 1999), SBC submits that it should not be penalized for its inability to provide further explanations for these items above.